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EXAMINER
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MONFELDT, SARAH M

ART UNIT	PAPER NUMBER
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3609

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

10/647,101

Applicant(s)

TURBEVILLE ET AL.

Examiner

Sarah M. Monfeldt

Art Unit

3609

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 22 August 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☒ Claim(s) 5 and 7-15 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 22 August 2003 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☐ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- ☐ Notice of Informal Patent Application
- ☐ Other: \_\_\_\_\_

Art Unit: 3609

***DETAILED ACTION  
Status of Claims***

1. This action is in reply to the application filed on 22 August 2003.
2. Claims 1-16 are currently pending and have been examined.

***Priority***

3. Applicants claim for the benefit of a prior-filed application under 35 U.S.C. 119(e) is acknowledged. Please note claims 1-16 filed 22 August 2003 do not find support in Provisional Application No. 60/407070 filed 30 August 2002 and Provisional Application No. 60/405607 filed 23 August 2002. For the purposes of Examination claims 1-16 have an effective filing date of 22 August 2003.

***Information Disclosure Statement***

4. It is noted Applicants have not filed an Information Disclosure Statement. Applicants are reminded that they have a continuing duty of disclosure under 37 CFR 1.56.

***Drawings***

5. New corrected drawings in compliance with 37 CFR 1.121(d) are required in this application because the drawing are informal and contain handwritten notations. Applicant is advised to employ the services of a competent patent draftsman outside the Office, as the U.S. Patent and Trademark Office no longer prepares new drawings. The corrected drawings are required in reply to the Office action to avoid abandonment of the application. The requirement for corrected drawings will not be held in abeyance.

***Specification***

6. The specification is objected to as failing to provide proper antecedent basis for the claimed subject matter. See 37 CFR 1.75(d)(1) and MPEP § 608.01(o). Correction of the following is required: Claims 3 and 5-16 contain limitations that fail to find support in the specification as filed.

***Claim Objections***

7. Claims 5, and 7-15 are objected to because of the following informalities: These claims should end with a period and not a semi-colon. Appropriate correction is required.

***Claim Rejections - 35 USC § 112***

8. The following is a quotation of the second paragraph of 35 U.S.C. 112:  
The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
9. Claims 1-16 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
  - a. Antecedent Basis
    - i. Claim 1 recites the limitation "*the value of margin*" (line 3), "*the total value at risk*" (line 4), "*the excess available margin*" (line 6), "*the allowable notional trade volume, allowable notional trade quantity*" (lines 7-8), "*the risk per unit of commodity*" (line 8), etc. There is insufficient antecedent basis for these limitations in the claim. Claims 1-16 contain similar limitations with improper antecedent basis. Appropriate correction is required.
  - b. Vague & Indefinite:
    - i. The limitation "*comparing the value at risk in the portfolio to the value of margin amounts to calculate the excess available margin*" recited in claim 1 is vague. It is unclear how comparing the VAR and the margin calculates "*excess available margin*" or what the "*excess available margin*" is. The Examiner has interpreted "*excess margin*" as margin.
    - ii. The term "*expressed*" in claims 5-11 is vague. The specification does not provide guidance as to what is being claimed with respect to the VAR measurement expressed as "*a per contract unit basis*", "*commodity*", "*currency*", "*time*", "*combination of time, currency and/or commodity*", "*a percentage of an index value*", or "*contract value*", respectively. The specification also fails to provide guidance as to how the expressing is accomplished. Appropriate correction is required.
    - iii. The term "*compared*" in claims 13-15 is vague. The specification does not provide guidance as to what is being claimed with respect to the VAR is compared to "*the unit quantity of a proposed trade*", "*dollar value of the proposed trade*", "*quantity of a proposed trade multiplied by an index value*", respectively. The specification also fails to provide guidance as

Art Unit: 3609

to how the *comparing* is accomplished. Appropriate correction is required.

1. The Examiner notes VAR can be calculated in a variety of way as shown in Linsmeier et al. (Risk Measurement: An Introduction to Value at Risk) which also teaches that VAR is calculated based on market factors such as interest rate, exchange rate, and mark to market value of forward contract (hypothetical and change in). Garman (US 5,819,237) also discusses VAR with respect to portfolio trading. Copy of Linsmeier et al. and Garman have been enclosed for Applicants reference.

c. Relative Terminology:

- i. The term "excess" in claim 1 is a relative term which renders the claim indefinite. The term "*excess margin*" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. Appropriate correction is required.
- ii. The term "*certain*" in claim 13 is a relative term which renders the claim indefinite. The term "*certain determinations*" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. Appropriate correction is required.

**Claim Rejections - 35 USC § 103**

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.
11. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:
  1. Determining the scope and contents of the prior art.

Art Unit: 3609

2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

12. Claims 1-16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Garman (US 5,819,237) in view of Semple et al. (WO 02/25535).

**Examiner's Note:** The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.

**Claim 1 -**

As per claim 1, Garman, at least at Figs. 2-4; col. 4, ll. 7-10, 24-33, 47-51; col. 5, ll. 17-26, 57-59; col. 6, ll. 25-27, 36-38; col. 8, ll. 42-50, disclose *a method of determining whether to allow a new trade of a contract having the limitations of:*

- *evaluating the total value at risk in a portfolio of traded contracts;*
- *comparing the value at risk in the portfolio to the value of margin amounts to calculate the excess available margin;*
- *calculating the allowable notional trade volume, allowable notional trade quantity and the risk per unit of commodity for a new trade;*
- *determining whether the new trade has a value at risk which exceeds the excess available margin;*
- *approving the trade if it is determined that the value at risk of the new trade does not exceed the excess available margin; and*
- *rejecting the trade if it is determined that the value at risk of the new trade exceeds the excess available margin.*

Garman does not explicitly disclose the following limitations:

- *determining the value of margin amounts supporting trading*

Semple et al. teach *determining the value of margin amounts supporting trading* (see at least page 23, lines 14-20). It would have been obvious to one of ordinary skill in the art at the time of the invention to expand the method of Garman to include the initial margin and variation margin as taught by Semple et al. One of ordinary skill in the art at the time of the invention would have been motivated to expand the method of Garman in this way

since subscribers identify assets acceptable to the exchange that can be used for margin to support positions (see at least page 4, lines 25-27 of Semple et al.).

**Claim 2 -**

As per claim 2, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 4, ll. 47-51; col. 8, ll. 42-50, further discloses *a method of determining whether to allow a new trade of a contract having the limitations of:*

- *reviewing any rejected new trade to see if the effect of the trade would have the effect of increasing the excess available margin and*
- *redetermining whether the new trade has a value at risk which exceeds the excess available margin as modified by the new trade, and*
- *approving or rejecting the trade based on that redetermination.*

**Claim 3 -**

As per claim 3, Garman in view of Semple et al. teach the method of claim 1 as described above. Semple et al., at least at page 3, lines 27-29, further disclose *a method of determining whether to allow a new trade of a contract having the limitations of:*

- *wherein the margin amounts are set by reviewing traditional credit information and establishing limits on risk.*

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

**Claim 4 -**

As per claim 4, Garman in view of Semple et al. teach the method of claim 1 as described above. Semple et al., at least at Fig. 11; pg. 21, ll. 10-30; pg. 22, ll. 1-6, further discloses *a method of determining whether to allow a new trade of a contract having the limitations of:*

- *wherein the new trades are considered for a period of time until the end of the period when a clearing is performed and the new trades approved and performed since the beginning of the period are netted with the portfolio to produce a new value at risk in the portfolio, value of margin and new values of allowable notional trade volume, allowable notional trade quantity and the risk per unit of commodity.*

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

Art Unit: 3609

**Claim 5 -**

As per claim 5, Garman in view of Semple et al. teach the method of claim 1 as described above. Semple et al., at least at page 9, lines 14-16, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein the value at risk measurement is expressed on a per contract unit basis;*

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

**Claim 6 -**

As per claim 6, Garman in view of Semple et al. teach the method of claim 5 as described above. Semple et al., at least at page 9, lines 7, 14-16, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

wherein the contract unit is expressed in units of a commodity.

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

**Claim 7 -**

As per claim 7, Garman in view of Semple et al. teach the method of claim 5 as described above. Semple et al., at least at page 9, lines 14-16, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

wherein the contract unit is expressed in units of currency;

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

**Claim 8 -**

As per claim 8, Garman in view of Semple et al. teach the method of claim 5 as described above. Semple et al., at least at page 9, lines 14-16, 24-26, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

wherein the contract unit is expressed in units of time;

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

**Claim 9 -**

As per claim 9, Garman in view of Semple et al. teach the method of claim 5 as described above. Semple et al., at least at page 9, lines 7, 14-16, 24-26, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:



Art Unit: 3609

- *wherein the contract unit is expressed in a combination of units of time, currency and/or commodity;*

The motivation for making this modification to the teachings of Garman is the same as that set forth above, in the rejection of Claim 1.

**Claim 10 -**

As per claim 10, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 5, ll. 17-26, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein the value at risk measurement used is expressed as a percentage of an index value;*

**Claim 11 -**

As per claim 11, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 5, ll. 17-26, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein the value at risk measurement used is expressed as a percentage of the contract value;*

**Claim 12 -**

As per claim 12, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 5, ll. 17-26, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein different determinations of value at risk are made for specific products and contract terms;*

**Claim 13 -**

As per claim 13, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 5, ll. 17-26, further discloses *a method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein certain determinations of value at risk may cover many different products and/or contract terms;*

**Claim 14 -**

As per claim 14, Garman in view of Semple et al. teach the method of claim 1 as

Art Unit: 3609

described above. Garman, at least at col. 5, ll. 17-26, further discloses a *method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein the value at risk determination is compared to the unit quantity of a proposed trade;*

**Claim 15 -**

As per claim 15, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 5, ll. 17-26, further discloses a *method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein the value at risk determination is compared to the dollar value of the proposed trade*

**Claim 16 -**

As per claim 16, Garman in view of Semple et al. teach the method of claim 1 as described above. Garman, at least at col. 5, ll. 17-26, further discloses a *method of determining whether to allow a new trade of a contract* having the limitations of:

- *wherein the value at risk determination is compared to the quantity of a proposed trade multiplied by an index value.*

**Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sarah M. Monfeldt whose telephone number is (571)270-1833. The examiner can normally be reached on Monday-Friday 7:30am-5:00pm (EST) ALT Fridays off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James A. Reagan can be reached on (571)272-6710. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3609

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Sarah M. Monfeldt  
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571-270-1833

*Sarah Monfeldt 7/19/7*

JAMES REAGAN  
SUPERVISORY PATENT EXAMINER

*[Signature]*